

2003 TAX YEAR CHANGES

Individual Income Tax:

Federal income tax changes affecting the Missouri income tax return consist of the following.

- Standard deduction amounts were increased to:
 - Single - \$4,750
 - Married, filing combined - \$9,500
 - Head of Household - \$7,000
 - Married, filing separate - \$4,750
 - Qualifying widow(er) - \$9,500
- FICA amount was increased to \$5,394.
- State and local income taxes (limits on itemized worksheet) were increased to \$139,500, for married filing combined and \$69,750 for married filing separate.
- The railroad retirement tax amounts were increased to:
 - Tier I - \$5,394
 - Tier II - \$3,161
 - Not to exceed - \$8,555
- Accelerated depreciation on business purchases from 30% to 50% between May 31, 2003 and June 30, 2003. (No Missouri modification required for 50 percent accelerated depreciation.)

Missouri income tax changes based on current legislation are as follows.

- Pension exemption loopholes on railroad retirement benefits were closed by the legislative changes made in House Bill 600.
- Changes were made to the net operating loss, allowing farmers to carryback their loss for more than two years.

Changes made on the Missouri individual income tax return are as follows.

- The web addresses for the Missouri Department of Revenue were changed to www.dor.mo.gov.
- New trust funds (General Revenue and Worker's Memorial) were added to all the tax returns as donation options.
- Self-employed health insurance deduction was removed from the Form MO-1040. (Full deduction is allowed on federal return)
- MO-CR was changed allowing both spouses to file using one form.
- MO-NRI instructions were updated for better understanding.
- MO-TC had one new tax credit added, the Development Tax Credit (formerly claimed under the Neighborhood Assistance).
- MO-1040C was changed to allow for all filing statuses.

Information: (<http://www.dor.mo.gov/tax/personal/>)

- Online payments can be made.
- Refund Inquiry available online.
- Fillable and calculating forms now improved with 2D Barcode for more efficient processing.
- Military, Nonresident, and Part-Year Resident information online.

Corporate Income Tax:

- Corporate Extension to File now on Form MO-7004, not MO-60.
- Online payment provided for corporate income tax estimated payments. (see Alternative Filing and Payment Information below.)

Withholding Tax:

W-4 Change - Head of household filing allowances for self have been changed. If claiming head of household, the taxpayer should update his/her W-4. If the W-4 is not updated, the withholding tax program will have to be modified to allow for both methods. (Instructions for the formula in previous years have indicated to enter only \$3500 for the first 4 allowances and \$1200 for each additional allowance. The tables have been updated and it is no longer necessary to use this method of calculation.)

- Visit our [Withholding Tax Calculator](#) to check your calculations. A worksheet is provided in the withholding voucher books.
- Online payment or ACH required for quarter-monthly filers. (See Alternative Filing and Payment Information below.)

Sales Tax:

- Online payments required for quarter-monthly filers. (See Alternative Filing and Payment Information below.)
- Sales Tax Holiday effective August 13-15, 2004.
Visit: <http://www.dor.mo.gov/tax/business/sales/taxholiday.htm>

Alternative Filing and Payment Information:

The department offers alternative filing methods:

- TXP Bank Project is offered for withholding tax and declaration of estimated corporate income tax.
- Telefile is offered for zero sales and withhold tax.
- Online filing and payments is offered for withholding tax, estimated corporate income tax, estimated individual income tax, and quarter-monthly sales tax.

Note: An alternative payment method must be used for quarter-monthly sales/withholding tax payments. Paper vouchers are not offered. To learn more about alternative filing methods, access the department's website at <http://www.dor.mo.gov/tax/elecprog.htm>, contact the department at (573) 751-3930, or email elecfile@dor.mo.gov

The department also encourages electronic/internet filing options for individual income tax. The department received more than 1,000,000 electronically filed returns for the 2002 tax year. Electronically filed returns offer many benefits to the taxpayer including receipt acknowledgment, faster refunds, accuracy and convenience.